

ILLINOIS REGISTER

DEPARTMENT OF REVENUE

NOTICE OF PUBLIC HEARING ON PROPOSED RULES

- 1) Heading of the Part: Telecommunications Excise Tax
- 2) Code Citation: 86 Ill. Adm. Code 495
- 3) Register Citation to Notice of Proposed Rules: 26 Ill. Reg. 14757, October 11, 2002
- 4) Date, Time and Location of Public Hearing:

December 18, 2002
1:00 p.m. to 3:00 p.m.
State of Illinois Building
Room N-505
160 North LaSalle
Chicago, Illinois

- 5) Other Pertinent Information:

This public hearing is scheduled to invite public comment on the Department's proposed regulations governing the taxation of private lines. The provisions of Section 2 of the Telecommunications Excise Tax Act (35 ILCS 630/2) provide three distinct methods for use in calculating the amount of gross charges for private lines that are subject to tax. Section 2 states that gross charges for private line services shall include charges imposed at each channel point within Illinois, charges for the channel mileage between each channel point within Illinois, and charges for that portion of the interstate inter-office channel provided within Illinois. The proposed rules on which comment is solicited explain methods that can be used to calculate "that portion" of the interstate inter-office channel that is provided within Illinois.

The rules explain that the ideal method is to determine a fraction, the numerator of which is the actual measured Illinois miles of the channel and the denominator of which is the actual measured route miles of the entire channel. However, the regulation acknowledges that where it is impossible to measure actual route miles, approximations can be used, provided that the method of approximation does not distort the Illinois portion of the interstate inter-office channel by more than 10 percent. One method of approximation, the rule provides, is the use of straight-line air miles. The regulation also states that the use of a flat percentage is not appropriate if the percentage is not a reasonable approximation of the Illinois portion of the channel, but is appropriate when the telecommunications provider can demonstrate that the percentage used is a reasonable approximation of the interstate inter-office channel. Telecommunications retailers are required to maintain complete books and records and supply those records to the Department for examination upon request. If the Department demonstrates that the telecommunication retailer's approximation distorts the Illinois portion of the interstate inter-office channel by more than 10 percent, it will not be accepted.

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The public hearing will be held for the sole purpose of gathering public comment on these regulations. All comments and suggestions will be given due consideration by the Department prior to the Second Notice submission of the regulations.

Persons interested in presenting testimony are advised that the Department will adhere to the following procedures in the conduct of the hearing:

1. Each person presenting oral testimony shall provide to the hearing officer a written (preferably typed) copy of such testimony at the time the oral testimony is presented. No oral testimony will be accepted without a written copy of the testimony being provided.
 2. Each person presenting oral testimony will be limited to 15 minutes for the presentation of such testimony.
 3. No person will be recognized to speak for a second time until all persons wishing to testify have done so.
 4. All testimony shall conclude at the specified time except that an individual presenting testimony at that time shall be allowed to complete his or her presentation.
- 6) Name and Address of Agency Contact Person: Questions regarding the public hearing on the proposed rulemaking may be directed to:

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